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WEEKLY REPORT



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THE SITUATION IN SOUTH VIETNAM

28 July 1965

INTELLIGENCE AND REPORTING SUBCOMMITTEE OF THE INTERAGENCY
VIETNAM COORDINATING COMMITTEE

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THE SITUATION IN SOUTH VIETNAM

(22 July - 28 July 1965)

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(The Weekly Report on the Situation in South Vietnam is based on contributions from CIA, DIA and INR; it is edited and published by CIA without final coordination. A fully coordinated Monthly report is disseminated on the first Friday of every month.)

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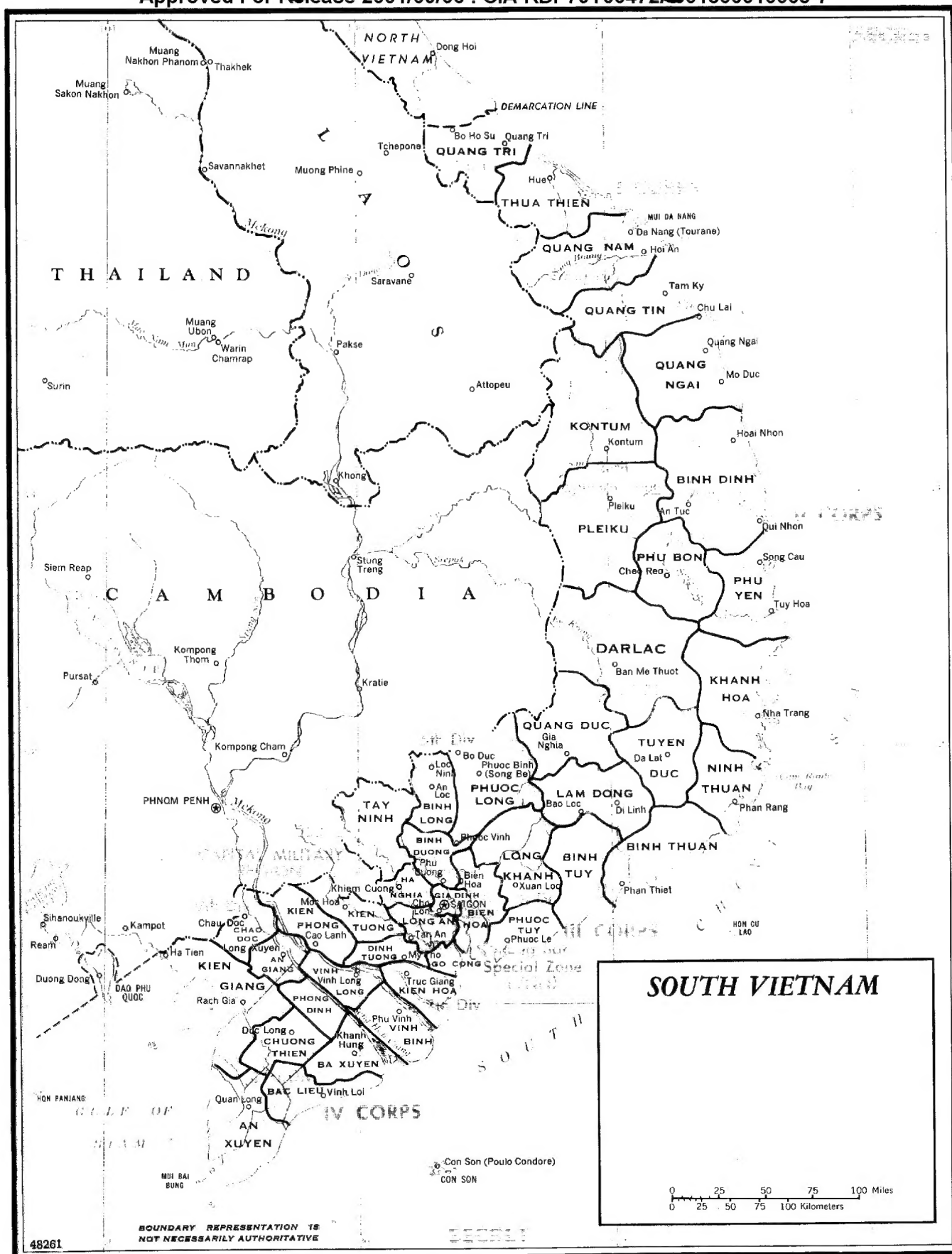
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THE WEEK IN PERSPECTIVE

No marked departures or significant progress occurred during the week in the South Vietnamese political situation. The military government in Saigon has continued gradually to implement its announced policies, authorizing this week stiff penalties for profiteers and subversive elements, and taking further steps to try to mobilize manpower and economic resources. Although the government continues to be free of any serious political challenge, there are indications of some pressure from students, of some potential frictions among its leaders, and of continuing suspicion by influential Buddhist elements.

The initiative and momentum of military operations continue to depend more upon the Viet Cong than upon the GVN. The lack of significant Viet Cong military activity over the past weeks, coupled with the usual low-level unconfirmed reports of Viet Cong movements, has presaged a cyclic flurry of enemy activity. Renewed Viet Cong interdictions, ambushes, and attacks upon convoys can be expected, particularly as the security of such supply arteries as Routes 19 and 15 is developed by road-clearing operations to the point where some GVN troops can be withdrawn.



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I. THE SITUATION WITHIN SOUTH VIETNAM

A. POLITICAL SITUATION

1. No marked changes in the South Vietnamese political situation occurred during the past week. Following up its initial promises to deal harshly with troublemakers on the domestic front, the ruling Directory issued a decree providing stiff penalties, including the death sentence, for such offenses as economic profiteering, graft, and advocating either Communism or neutralism.

2. Information from various sources indicates that there are some rumblings among Vietnamese students, who are expected to play a key role in implementing government programs. [REDACTED] claimed that a number of students attempted on 22 July to meet with Premier Ky to demand deferment from the draft, and to seek funds for a headquarters building and for vehicles to enable them to carry out their duties. The same students reportedly sought another meeting four days later to complain about the number of Chinese students in their organization inasmuch as Chinese merchants were key targets of the anti-corruption drive. Ky reportedly avoided seeing the students on either occasion. [REDACTED]

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[REDACTED] has reported that a group of Saigon University students is planning demonstrations in front of French-operated primary and secondary schools if these schools are permitted, as expected, to reopen on 2 August despite South Vietnam's break in diplomatic relations with France.

3. General Co, the minister of war and new chief of the Joint General Staff, reportedly differs with Premier Ky on how to handle the government-sponsored youth organization. Co plans to mobilize men from 18 to 45 and women from 18 to 30 into a "home guard." He believes that the "guard" should be under military direction through the defense ministry, and that men in it should be subject to normal draft call. The ministry of youth, which would assist in administering the program, has called attention to existing student organizations, which may be politically troublesome. The minister of youth reportedly feels that these groups should not be broken up, but incorporated as entities within the government-sponsored organization.

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4. Although there are as yet no serious signs of friction within government circles, Marine Commander General Khang recently is said to have expressed some concern over the attitude of General Co. He complained about Co's apparent distrust of other Ky officers, and alleged reliance on young, inexperienced officers to staff important positions in the Saigon area. Khang also reportedly complained that Premier Ky continues to surround himself primarily with air force officers. He also implied resentment of Ky's retention of civilian Bui Diem, former minister of State in the Quat government, as a close adviser.

5. The remarks of General Khang, who has concurrent responsibility for security in Saigon as commander of the Capital Military Region, may reflect some feeling that he should have a freer hand. Khang, however, is generally regarded as a disciplined officer, and he is not known to harbor serious political ambitions of his own. He has, in fact, shown some nostalgia for the leadership of former strongman, General Khanh. Recently, Khang reported that the status of General Khanh, now in exile abroad, was discussed by the ruling Directory, and that only Premier Ky opposed retiring Khanh from the military.

Khang's brother-in-law is working among the general's former supporters in South Vietnam in an effort to organize support for Khanh's return to Saigon.

6. The Ky government now appears to be willing to entertain the possibility of a reconciliation with FULRO, the tribal autonomy movement organized by leaders of the Rhade revolt of September 1964 in five government paramilitary camps in the central highlands. FULRO is now headquartered across the border in Cambodia. On 19-20 July, representatives of FULRO approached local Vietnamese government and military leaders in the highlands province of Darlac, and offered to cooperate militarily against the Viet Cong. FULRO did not insist on complete autonomy, but rather sought a government promise, with third-country guarantee, to support a force of 50,000 tribesmen under tribal command but with Vietnamese advisers. It is questionable that FULRO currently has a 50,000-man potential, or even the four organized battalions it

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claims to control on Vietnamese soil, but it does appear to enjoy considerable sympathy among Vietnam's ethnic tribes, particularly the Rhades. Vietnamese government officials do not now regard FULRO as extensively penetrated by the Viet Cong, and are apparently prepared to discuss the FULRO approach further, lest the organization eventually feel compelled to turn to the Communists.

7. In another development affecting a minority group, the Ky government has replaced Le Van Tat, a general in the Cao Dai religious sect, as chief of Tay Ninh Province, a major Cao Dai stronghold. Tat's ouster had been anticipated, although the reasons for it are not yet fully evident. Tat is known to have developed a strong antipathy to the previous Quat government, and had begun to ally himself with certain Catholic and Hoa Hao sect leaders suspicious of the major Buddhist organization. He has appeared to be promoting the political ambitions of his brother, a Cao Dai politician in Saigon. This effort may have influenced the government's decision. The new chief of Tay Ninh Province is apparently also a Cao Dai member, and there is no indication to date that the change will affect Cao Dai support for the government. The Cao Dais provide a sizeable pool for recruitment of paramilitary troops in Tay Ninh and certain delta provinces.

8. The ruling Directory, through its chairman General Thieu, has announced the replacement of US-educated economist Nguyen Xuan Oanh as governor of the Vietnamese National Bank. Although this change has sparked rumors in Saigon that Oanh resigned in protest over the Ky government's economic policies, Oanh's removal for disciplinary reasons had been under consideration. He had recently bypassed the Ky government to appeal directly to Thieu and the International Monetary Fund regarding his own proposals about a free foreign exchange market. The issue, involving black market conversions by US military troops, is slated for formal discussion between the US and South Vietnamese governments.

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9. Buddhist leader Tri Quang continues, in conversations with US Embassy officers, to voice suspicion over the ambitions of Directory chairman General Thieu and of the Catholics in general. There is a report that Quang is setting up a Buddhist political party, suggesting that he is preparing the ground for a more active Buddhist political role in the future.

Economic

10. The rice market remains stabilized for the moment. The Mission was authorized to negotiate with the GVN on the purchase and the financing of 50,000 tons of rice from Thailand to meet anticipated September needs for Saigon and central Vietnam. Price increases of other domestic products, however, caused a 3 percent gain in retail prices.

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B. MILITARY SITUATION

1. The decreased Viet Cong activity noted last week continued during the 17-24 July period. Viet Cong units avoided areas in which there were strong ARVN forces. The Viet Cong's major action occurred on 20 July in Phuoc Long Province. The Bu Dop CIDG camp there was under attack for five hours by a Communist force estimated at two battalions, supported by heavy weapons, machine guns, antitank grenade launchers, recoilless rifles, and at least one flame thrower. Such armament is indicative of a heavy weapons battalion. The VC withdrew at dawn. The garrison, about 300 strong, had six US advisers. Friendly losses were 61 KIA (2 US), 43 WIA (4 US) and 74 MIA. Viet Cong losses were 158 KIA, 2 PW's and 37 individual weapons.

2. The Viet Cong generally followed their normal pattern of terror and harassment with continued pressure against lines of communication. The deployment of large forces was required to keep overland transportation routes open, otherwise, the flow of traffic is subject to Viet Cong desires. For the third week in a row, the Viet Cong attacked inland waterway craft as part of the constant squeeze on all ground movement.

3. In I Corps, Viet Cong activity declined from last week, although the tempo remained about the same. Throughout the Corps, there are indications and reports of more Viet Cong units moving, particularly south of Da Nang. Large movements were also reported in Quang Tin and Quang Ngai provinces. MACV estimates that there are three regiments within a 40-kilometer radius of Chu Lai Airfield.

4. The Viet Cong released 63 ARVN prisoners on 19 July; preliminary reports indicate they were effectively indoctrinated. This recently revived tactic (release in such large numbers) has some appeal for the local populace, and its impact could be substantial when conducted on an increasing scale.

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5. Large-unit operations and resultant Viet Cong contacts remained about the same as last week. The total of small-unit operations decreased slightly, but contacts increased appreciably over the previous reporting period. Nevertheless, out of some 18,500 small-unit operations only 124 made contact with the enemy. Government casualties decreased slightly. The kill ratio increased to 2.4 to 1 in favor of the government. Last week it was less than 2.1. Weapon losses were two-fifths of what they were last week, resulting in a 1.5 to 1 weapon loss ratio in favor of the GVN. This is the first favorable weapon loss ratio since March. It is particularly significant because no major Viet Cong weapon caches are included.

6. GVN activity in I CTZ continued to be focused on the coastal area along National Route 1.

7. In II CTZ, the major RVNAF efforts continued to be directed toward the reopening of Route 19. On 20 July in Darlac Province, 30 Viet Cong were killed when two Viet Cong companies unsuccessfully ambushed a regional force company on Highway 21, 30 miles from Ban Me Thuot. The following day a Communist force of unknown size ambushed this same RF company, 25 miles from Ban Me Thuot. In this second ambush, GVN forces lost six KIA, 54 MIA, and 58 weapons. Viet Cong losses were five KIA. Road clearing operations along Route 20 south of Dalat were conducted during the week but failed to meet with complete success as the Viet Cong continued to control a 21-kilometer stretch of Route 20.

8. The large-scale GVN/US combined operation to deliver some 2,700 tons of military and civilian supplies over Route 19 from Qui Nhon to Pleiku was successfully completed ahead of schedule on 23 July. Starting with the first convoy, which reached Pleiku at 2030 hours 18 July, large quantities of essential supplies were shuttled by truck between the coastal area and the highland capital throughout the week without interference or harassment from the Viet Cong.

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9. GVN activities in III CTZ were concentrated in the Hop Tac area, particularly in Hau Nghia Province. USAF B-52 bombers struck War Zone D in Binh Duong Province for the fourth time on 22 July. Target assessment has not been completed.

10. For the second straight week major GVN operations in IV CTZ failed to make any significant Viet Cong contact.

11. US advisers again this week evaluate one regiment as combat ineffective. In addition, battalions considered combat ineffective totaled 13, an increase of one from last week. These battalions include three ranger, nine infantry, and one airborne.

12. More than three million leaflets were dropped over 10 target areas in North Vietnam in connection with the anniversary of the 1954 partition of Vietnam. The opening of Route 19 and the subsequent resupply of Pleiku has raised the morale of the highland people. Psywar Civic Action teams throughout the II CTZ are publicizing the successful Route 19 operation among the people.

The story of an alleged Hanoi order found on the body of a Viet Cong officer killed in the attack on Xuyen Moc district town in Phuoc Tuy province, III CTZ, on 21 July has been reported extensively by the Saigon press. The "order," addressed to the Liberation Front, admitted the seriousness of the situation in the north as a result of US/GVN airstrikes and called for the troops in the south to withdraw to man military installations in North Vietnam. The document is suspect on a number of counts and is regarded by MACV as probably false.

13. Effective 2 July, the Capital Military District was redesignated the Capital Military Region. The Region continues to encompass Saigon City and Gia Dinh Province as well as the Con Son special subsector.

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14. The following personnel changes were announced: Sub-Brig. Gen. Nguyen Duc Thang from J3 to Deputy Chief of Staff for Operations; Sub-Brig. Gen. Tran Thanh Phong from CG, 5th Division to J3; Sub-Brig. Gen. Nguyen Van Kiem from Commandant, Vietnam Military Academy to Deputy Chief of Staff for Personnel; and Col. Phan Ngoc Thuan to CG, 5th Division. In Tay Ninh, General Tat, a Cao Dai with honorary rank, was replaced as province chief by a major of the same religious sect.

15. ARVN casualties for the week total 726: KIA 287, WIA 316, MIA/Captured 123. This was a decrease from the 734 casualties reported last week. A total of 159 weapons were reported lost, a drop from the 408 reported last week.

16. MACV reports list 791 Viet Cong casualties during the week, of whom 682 were KIA and 109 captured. This was an increase from the 447 reported last week, which included 419 KIA and 28 captured. Government forces captured 233 individual and two crew-served weapons.

17. The audited strengths of RVNAF as of 30 July and the changes from 15 June are: Regular force - 262,096 (up 494); Regional Force - 107,652 (up 783); Popular Force - 149,029 (down 986). The number of new accessions in the Popular Forces in June (5,748) increased and was the highest monthly total to date in 1965; it was not adequate to offset the losses, primarily desertions, during the period.

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C. RURAL RECONSTRUCTION

1. The recent review of the country-wide Mobile Action Cadre program, a key part of the rural reconstruction effort, reveals that it is making little or no progress. The program is largely disorganized, and the cadres are ineffective in a majority of the provinces. Among the reasons contributing to deterioration of the Mobile Action Cadre program are lack of effective high-level direction, unclear missions, poor training, adverse security conditions, lack of communication from the Corps level to the district levels, low salaries, and generally low morale. Many Mobile Action Cadre personnel have been lost to the draft. USOM and the GVN are developing plans to improve the program by consolidating the Mobile Action Cadre and existing similar groups into a single system, and by instituting a program of intensified training for high-level leaders.

2. GVN officials report that during the period 18-24 July, 219 individuals returned to government control, a sharp drop from the previous week's total of 433. This is the third consecutive week in which the number of Chieu Hoi returnees has declined. Included among the returnees were 139 military, 41 political cadres, 37 civilians, one draft dodger and one deserter. They brought in 31 individual weapons and 23 grenades.

3. The US Embassy in Saigon has forwarded its June report on nationwide provincial attitudes and progress. This monthly report is a synthesis and analysis of replies by MACV and USOM advisers in the field to eight specific questions developed by the Embassy. The questions relate to changes in the people's attitude toward the government, the willingness of the populace to continue the war, the degree of free movement over main routes of communication in each province, the impact of Viet Cong activities on the movement of goods and produce, and the progress of rural reconstruction and pacification.

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4. Twenty-seven of the 44 provinces reported pacification and rural reconstruction progressing unsatisfactorily. Several provinces indicated that intensified Viet Cong activity reduced the area where such activities could be carried on. Only six provinces reported that movement was possible over the main roads at night; 22 said movement was generally possible during the day. A decline in morale was reported from six provinces, and only seven reported an improvement in morale, as compared to 13 in May.

5. According to recent observations of an Embassy provincial reporter, the security situation in Quang Ngai Province must be considered grave. The after-effect of the two major Viet Cong assaults since May on the government outpost of Ba Gia has been a deterioration of government control to the point where GVN day and night influence is limited to only the province capital, district towns, and a few isolated outposts.

6. The Rural Reconstruction program appears to have all but ceased in Quang Ngai. Sixty-two hamlets, considered completed under the existing six-point criteria, were lost during June, as well as an undetermined number of government outposts. The Viet Cong appear to be in a favorable position at this time to make Quang Ngai a "liberated" area by swallowing it district by district. The province chief, who is generally highly regarded by American advisory personnel, does not believe that Viet Cong activity will increase until the rainy season starts in this region, sometime in September.

7. Indicative of the weakened position of the government is the present relative strengths of Viet Cong and GVN forces in Quang Ngai. The current estimate of the overall strength of the Viet Cong is 12,260, and they appear to be better armed than the government force which totals 14,400. Complicating the situation further is the low morale of the government forces, especially that of the generally sub-standard Popular Force, which totals about 8,100 of the total government strength. The Popular Force has been the target of an especially effective propaganda drive by the Viet Cong. The only ARVN regular

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unit in the province has also long been vulnerable to Viet Cong penetration because it has done most of its recruiting from among the local population.

8. According to the Embassy reporter, one government element which appears to be almost completely reliable is the 24 Political Action Teams (PATs), which, together with their unarmed propaganda teams, number some 1,000 men and women. During the reverses of the past two months, the PATs maintained a favorable kill and weapons-capture ratio, and lost only one deserter. The reporter comments, however, that the PAT now are not performing their usual mission, which is to soften up rural areas long under Viet Cong control before Mobile Action Cadres enter. Instead, they are being used by the district chiefs as a kind of elite Popular Force which can be relied on to defend district towns and patrol beyond the outskirts.

9. A further element of potential instability and vulnerability in Quang Ngai is the large refugee population, currently estimated between 75,000 and 100,000. Most of the refugees are concentrated around district towns, on the outskirts of the province capital, or near outposts which are relatively secure. Poor conditions in the refugee areas, caused mainly by a failure of local officials to provide money or an adequate supply of food, may force many of them to return to areas of Viet Cong control; many refugees are believed to have gone back already. Moreover, the province, which normally produces little surplus rice for its towns, is now experiencing declining rice stocks and higher local prices because of disrupted road and rail traffic.

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II. THIRD COUNTRY DEVELOPMENTS

A. REPUBLIC OF KOREA

The US Ambassador in Seoul comments that President Pak Chong-hui hopes to obtain assembly authorization for the deployment of an infantry division to Vietnam before students return to school for the fall semester and organize demonstrations. The assembly is scheduled to begin a special session on 29 July. It is possible, however, that the troop issue may not be taken up until the regular assembly session starts on 1 September, since the special session will consider the treaty with Japan first.

B. ETHIOPIA

The question of diplomatic relations between the GVN and Ethiopia remains in doubt, although the US Embassy in Addis Ababa is still optimistic that agreement for Ambassador-designate Vinh Tho eventually will be granted.

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III. DEVELOPMENTS IN THE BLOC

A. NORTH VIETNAM

1. Two new surface-to-air missile sites (SAMS)--numbers six and seven--recently located in photography about 30 nautical miles west-north west of Hanoi now are operational. Missiles fired from one of the two sites on 24 July downed one USAF F4C and damaged three others. Photography of 14 and 20 July indicates that the sites apparently had been constructed since 14 July.

2. On 27 July, approximately 75 USAF aircraft conducted a low-level attack on these two sites and nearby barracks areas. Analysis of post strike photos has not been completed, but the pilots claimed to have damaged about 20 percent of the entire complex. Four USAF F105 fighter-bombers were downed in the target area by conventional antiaircraft fire. Two were lost in a mid-air collision while returning to their base.

B. MORALE IN NORTH VIETNAM

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1. [REDACTED] who left the DRV [REDACTED] after 18 years reports that the average person in the bombed areas is extremely fearful of the US strikes and that the bombings have upset the normal routine of life. In those areas that have not yet been hit--notably the region around Hanoi--he reports that the people are still very enthusiastic about the war effort. His analysis on morale in the DRV is supported by [REDACTED] and other sources.

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2. [REDACTED] also claimed, however, that the people in the bombed areas do not see how the North Vietnamese can win against the Americans. This assessment is not borne out by other sources who indicate that while confusion, fear and apprehension are present, the people for the most part are still confident of eventual victory and resolved to resist the US.

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C. VIEWS ON THE WAR

1. Peiping continued to assert its concern over the US military buildup in Vietnam this week. Responding to President Johnson's 13 July press conference the Peoples Daily "Observer" declared on 22 July that the US was accelerating its preparations to escalate the war in Vietnam into a Korean-type war. "Observer" repeated Peiping's pledge to support the Vietnamese people "at whatever sacrifice" until the US is driven out of Vietnam but avoided any suggestion that direct Chinese involvement in Vietnam is required at this time.

Strong Chinese backing for the Vietnamese was reaffirmed also by Liu Shao-chi at a state banquet for Burma's Ne Win on 24 July. Liu asserted that the US "is playing with the trick of peace talks" but that "the Vietnamese will not be taken in." He quoted Ho Chi Minh to the effect that the Vietnamese people will fight on to final victory even if it takes twenty years.

2. Propaganda emanating from Hanoi and the Liberation Front on the 11th Anniversary of the signing of the Geneva agreements was characterized by pep talks for the insurgent forces in South Vietnam. NFLSV Chairman Nguyen Huu Tho stressed the hardships and difficulties that lie ahead for the Viet Cong in view of the increasing US role in the war. At the same time, however, he expressed the insurgent's belief in eventual victory regardless of the extent of US involvement in stronger terms than at any time in the recent past.

Tho also sharpened the threat to bring in foreign volunteers but stopped short of an open admission that some are now participating in the fighting. In what appeared to be a deliberately ambiguous statement, Tho declared the world's people "are ready to support us or are positively supporting us from all viewpoints, even with weapons and volunteers."

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3. An analysis of the Vietnam war appeared in the July issue of the party theoretical journal, Hoc Tap, authored by North Vietnamese Defense Minister and Commander in Chief of the armed forces, Vo Nguyen Giap. He declared that US attempts by aerial attacks on the north to "curb the determination" of the Vietnamese Communists to continue to war are but "a crazy illusion." According to Giap's analysis, the defeat of US air attacks on the DRV is of paramount importance but "the last and decisive factor" in the outcome of the war will be the struggle in South Vietnam.

He expressed concern over the possibility that the US may expand the war into a ground assault against the DRV and warned the North Vietnamese "to make every preparation" in case the US does attack with ground forces. He implied that the "whole socialist camp" would come to Hanoi's aid if this actually occurred. Giap's concern that the US may slowly bring the conflict to the level in which it is the chief protagonist contrasts sharply with his analysis of the war in July of 1964. At that time he viewed the war in a narrower context, emphasizing the need for the liberation forces to rely on their own people and on subjective internal conditions to win victory.

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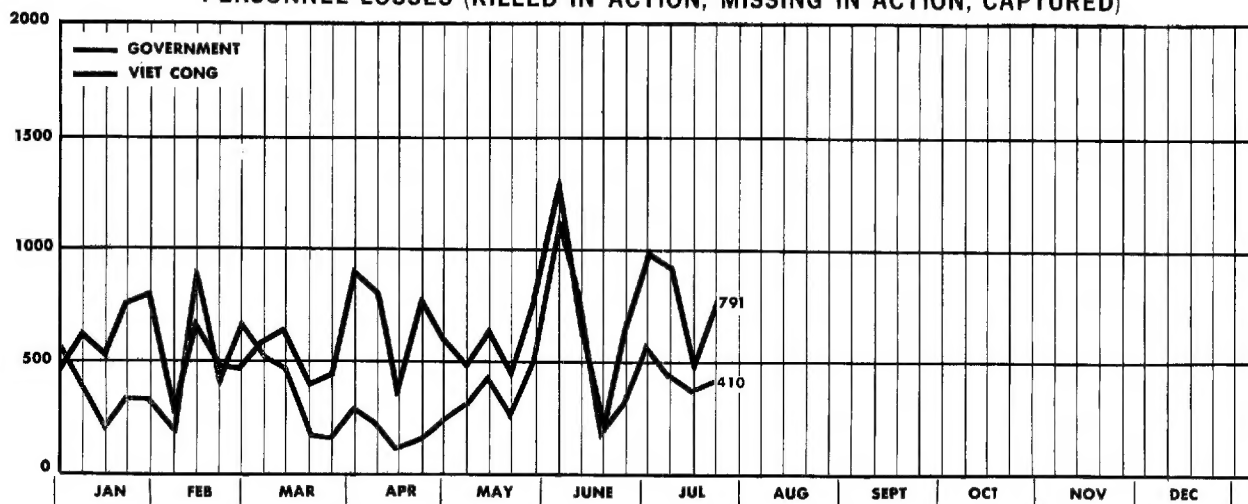
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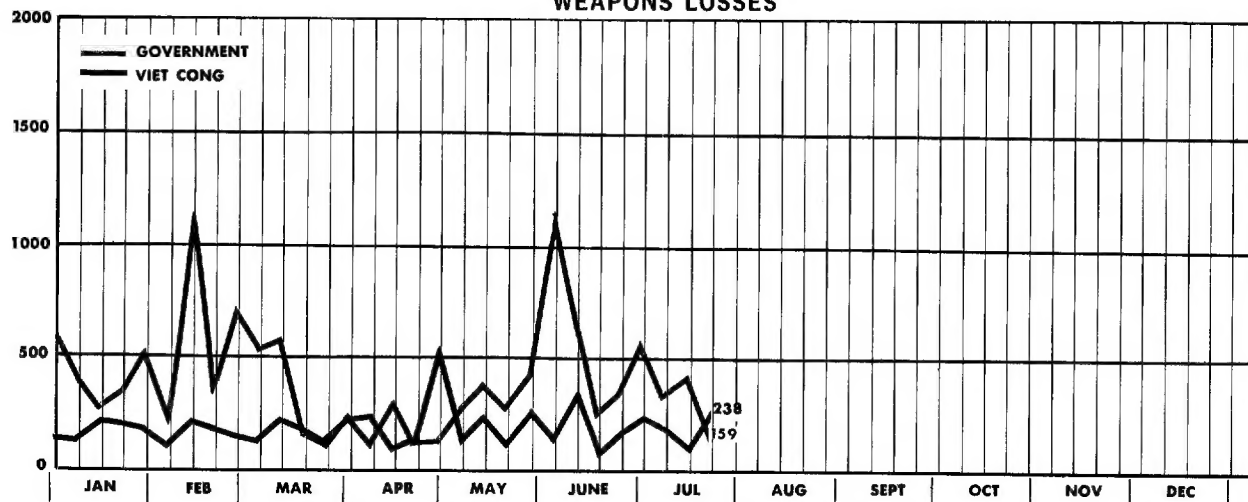
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PERSONNEL LOSSES (KILLED IN ACTION, MISSING IN ACTION, CAPTURED)

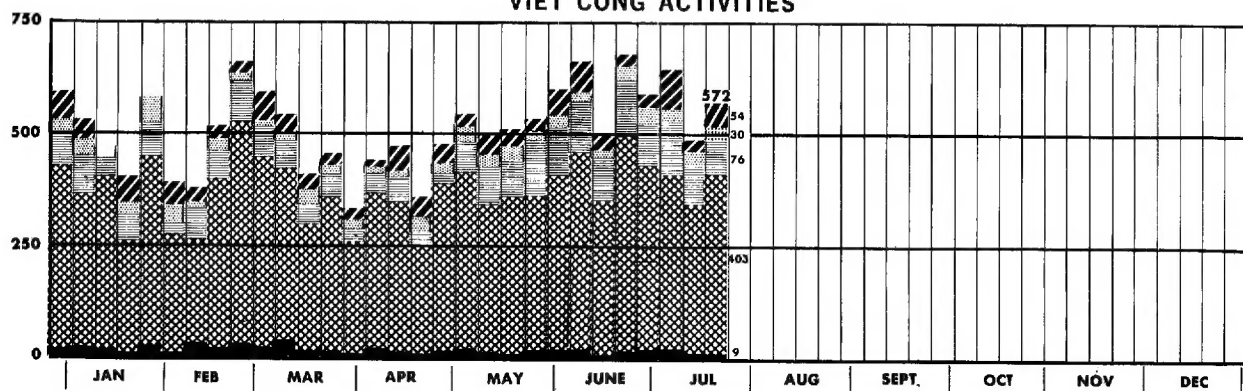


* WOUNDED NOT INCLUDED, SUCH FIGURES UNAVAILABLE ON VIET CONG

WEAPONS LOSSES



VIET CONG ACTIVITIES



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ATTACKS TERRORISM SABOTAGE PROPAGANDA ANTIAIRCRAFT FIRE

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